

Mary M. Johnson

Clerk Circuit Court & County Court

Santa Rosa County

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MEMORANDUM

DATE: October 28, 2010

TO: Mary Johnson, Clerk of Court

FROM: Wade Burroughs, Internal Auditor

CC: East Milton Volunteer Fire Department
Hunter Walker, County Administrator
Susan Hoodless, Director of Finance

SUBJECT: East Milton Fire Department Review

The East Milton Volunteer Fire Department (EMVFD) was included in the Santa Rosa County Fire Protection Municipal Service Benefit Unit on May 28, 1992 in accordance with County Ordinance 92-06.

This review covers a twelve (12) month time frame beginning October 1, 2009 and ending September 30, 2010.

- The department utilized all funds received from the County pursuant to the budget approved by the County.
- The department submitted to the County proof of all expenditures for the 09-10 fiscal year except as noted below. The checking account is being reconciled on a timely basis.
- Checks numbered 3366 – 3953 and 5000 – 5089 were issued during the 09-10 fiscal year and have been accounted for in this review except as noted below. Proof of invoice was provided for all checks.
- All County MSBU disbursements were deposited in the East Milton Volunteer Fire Department checking account by Board Support Service. This review revealed the records are properly maintained and expenditures are supported by underlying documentation.

This review is strictly to determine the financial compliance of the department with regards to the MSBU funds received from Santa Rosa County, payable to the department. It does not imply or intend to cover or comment upon any other covenants. Work papers are available for further review.

Finding – EMVFD pays monthly stipends based on rank and responding to a minimum percentage of call outs. They also pay weekly stipends for manning the stations. The Internal Revenue Service (IRS) views this type of payment as taxable income to the recipient, should be reported to the IRS and the recipient on a Form 1099. EMVFD did not report the stipends to the IRS or the recipients for the year ended 12/31/2009.

Recommendation – EMVFD should report the stipend payments to the IRS and to the recipients.